Air Force Materiel Command

War-Winning Capabilities … On Time, On Cost

New Employee Training Market Research

Module Lead:
WR-ALC
July 07

Integrity ~ Service ~ Excellence

Course Overview

- **Length:** 1 Hour
- **Method of Delivery:** Slide Presentation
- **Course Contents:** Overview of the Market Research Basics

Overview

- **Training Objectives**
- **Market Research Policy**
- **What Market Research Is**
- **Market Research Goals**
- **Process Steps**
- **Techniques**
- **Example**
- **Participants**
- **Tools**
- **Documentation**

Training Objectives

Objectives

- **Review Policies Requiring Market Research And The Government Mandate To Conduct Market Research**
- **Explain The 6-Step Market Research Process**
- **Identify Key Elements To Successful Market Research Program**

Market Research Policy

- **Federal Acquisition Regulation (FAR) Part 10 states that Market Research must be conducted:**
  - Before developing a new requirements document
  - Before soliciting offers for acquisitions with an estimated value in excess of $100,000
  - Before soliciting offers for acquisitions with an estimated value less than the simplified acquisition threshold when adequate information is not available and the circumstances justify its cost; and

Market Research Policy

FAR - Part 7 Acquisition Planning

- **FAR 7.102: Requires market research for all acquisitions; promotes and provides for acquisition of commercial items/services and full and open competition**

- **FAR 7.105: Requires Acquisition Plans to address extent, results, and impact of market research**

- **FAR 7.107: Requires market research to determine necessity and justification for bundling ("measurably substantial benefits")**

Note: Acquisition Planning includes sustainment activities

Market Research Terms

- **Market Research - A continuous process for gathering data on product characteristics, suppliers' capabilities and the business practices that surround them (customary terms and conditions, including warranty, buyer financing, and discounts under which commercial sales are made, etc.) – plus the analysis of that data to make acquisition decisions.**
  - Includes:
    - **Market Investigation**

Market Research

- **Use results to:**
  - Determine if sources capable of satisfying our requirements exist
  - Determine if commercial items are available, or if not, are there nondevelopmental items that:
    - Meet agency's requirements
    - Could be modified to meet them, or
    - Could meet requirements if those requirements were modified to reasonable extent

Market Research

- Determine extent commercial items could be incorporated at component level
- Determine practices of firms engaged in commercial business:
  - Warranties
  - Maintenance
  - Buyer financing
  - Marketing
  - Packaging
- Ensure maximum use of recovered materials
- Assess availability of electronic and IT technology (AFWAY)

Terms & Definitions

- **Market Investigation is a comprehensive survey of the market place to gather information in response to a specific contract requirement.**

- **Market Surveillance/Intelligence is an ongoing process and includes all the activities that acquisition personnel perform continuously to keep themselves abreast of technology improvements, product developments, and commercial business practices relative to their areas of expertise. Data gathered during Market Surveillance/Intelligence activities are very**

What Market Research Is

CONTINUOUS PROCESS FOR GATHERING DATA

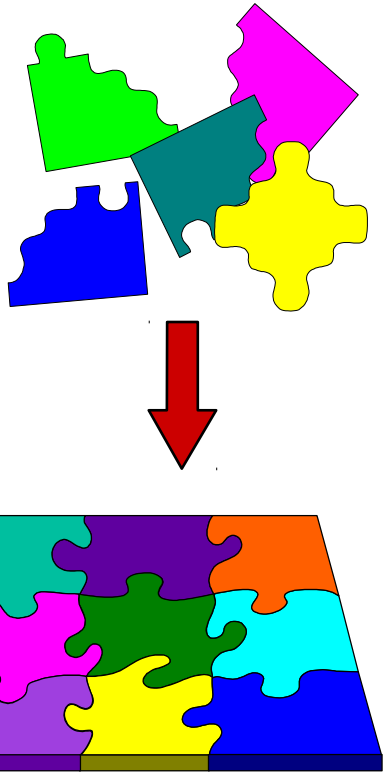
Product characteristics

Suppliers' capabilities

MARKET RESEARCH

Surrounding business practices

Plus the analysis of that data to make acquisition decisions



Market Research is the sum of two processes

investigation + **surveillance**

Market Research Process Steps

- **Define Your Requirement**
- **Review Historical Data (Summarize Current Market Surveillance Data)**
- **Develop Your MR Strategy**
  - Assign Roles and Responsibilities
  - Identify Available MR Tools to be Used
- **Conduct MR Activities Consistent With MR Strategy**
  - Survey the Marketplace (Gather the Data)
  - Identify Sources
  - Evaluate products, services and capabilities
- **Document Your MR Results and Findings**
  - Archive the MR Report
  - Share Your MR Data
  - Identify Lessons Learned
- **Use the Report to support your Acquisition**

Market Research Goals

- **Expand Use Of Commercial Item Solutions And Commercial Practices**
- **Identify Emerging Technologies**
- **Address Current Obsolescence Issues**
- **Expand Use Of Non-developmental Item Solutions**
- **Assist In The Development Of Your Acquisition Strategy:**
  - Tailor Contract Terms And Conditions
  - Identify Small Business Opportunities
  - Promote Best Value Acquisitions
  - Provide A Good Understanding Of The Market Sector

MARKET RESEARCH TECHNIQUES

- **Update Past Market Research**
- **Review Similar Market Research Reports on File**
- **Issue Surveys and Questionnaires (Sources Sought & RFI)**
- **Conduct Site Visits**
- **Perform Internet Searches**
- **Host Industry Days**

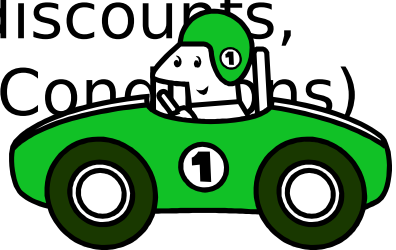
MARKET RESEARCH TECHNIQUES (Cont)

- **Contact Small Business/Source Development Office**
- **Review Trade Journals**
- **Contact Professional Societies**
- **Attend Trade Shows**
- **Cold Calling (Yellow Pages)**
- **Contact Professional Contacts**

Note: The above list is not all inclusive of standard market research techniques.

Example Market Research Program

- **Buying a new car:**
  - Look at brochures (Commercial Data Specifications)
  - Visit Dealerships (Site Visits)
  - Attend car shows (Trade Shows)
  - Ask friends, relatives, coworkers (Contacts)
  - Read ‘Consumer Reports’ for best buys and most reliable cars (Trade Journals)
  - Conduct an Internet Search (Market Survey)
  - Yellow pages: Look up dealers in your area (Source Identification)
  - Ask dealers about financing plans, discounts, warranties, options, etc. (Terms and Conditions)



Example Market Research Program

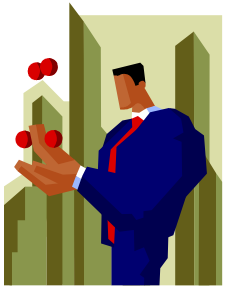
- **Buying a new car:**

  You performed market research by...

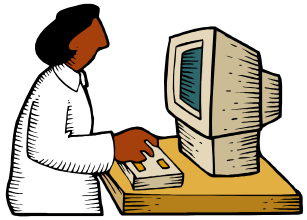
  …gathering and analyzing information about the capabilities of the new car market to satisfy your car needs.

Who does Market Research?

Cost/Price Analyst



Logistics Specialist

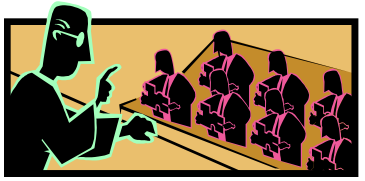


Technical Team

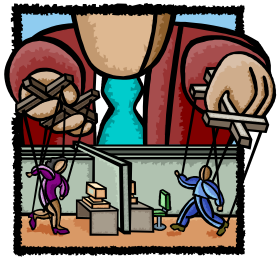
Finance

War-Fighter/User

The Acquisition Team



Legal Counsel



Program Manager

Small Business

DCAA/ DCMA

Contracting Officer

Who Conducts The Market Research?

Rule of Thumb!

1. **The Technical Staff (i.e. engineer, scientist, and equipment specialist) is responsible for conducting the market research.**
2. **The program manager is responsible for ensuring the market research is conducted.**
3. **The contracting officer should not proceed with any acquisition unless adequate market research has been accomplished.**
4. **The Acquisition Center of Excellence or policy office is available to assist everyone.**

Market Research
Key Elements Of Success

- **Start early**
- **Involve users**
- **Communicate as a team**
- **Think of market research as an iterative process**
- **Tailor the investigation**
- **Refine as you proceed**

Market Research Process Review

- **Define Your Requirement**
- **Review Historical Data**
- **Develop Your MR Strategy**
- **Identify Available MR Tools to be Used**
- **Conduct MR Activities Consistent With MR Strategy**
- **Document Your MR Results and Findings**
- **Archive the MR Report**
- **Share Your MR Data**
- **Use the Report to support your Acquisition Strategy Decisions**

Market Research References

- **Standardized Document SD-2: Buying Commercial and Non-developmental Handbook**
- **Standardized Document SD-5: Market Research**
- **FAR Part 2, Terms and Definitions**
- **FAR Part 7, Acquisition Planning**
- **FAR Part 10, Market Research**
- **FAR -- Part 11, Describing Agency Needs**
- **FAR Part 12, Acquisition of Commercial**

Summary

Market Research is an invaluable source of data for use in optimal acquisition planning!

AFMC CONTRACTING
AGILE · INNOVATIVE · RESPONSIVE